

Commodity Credit Corporation, USDA

§ 1434.13

pledged as collateral for a loan. If the honey located in a farm storage structure is pledged as collateral that secures more than one loan, the honey must be segregated so as to preserve the identity of the honey securing such loan. Honey securing a loan must also be segregated from any honey not pledged as collateral for a loan which is stored in the same structure.

(b) Producers may also obtain loans on honey packed in eligible containers and stored in facilities owned by third parties in which the honey of more than one person is stored if the honey which is to be pledged as collateral for a loan and which is stored identity preserved or is segregated from all other honey. Each container of the segregated quantity of honey shall be marked with the producer's name, loan number, and lot number so as to identify the honey from other honey stored in the structure.

§ 1434.8 Liens.

(a) CCC's security interest in the honey pledged as collateral is first and superior to all other security interests.

(b) The county office shall file or record, as required by State law, all financing statements needed to perfect a security interest in honey pledged as collateral for a loan. The cost of filing and recording shall be for the account of CCC.

(c) If there are any other security interests, liens, or encumbrances on the honey, CCC shall obtain waivers that fully protect the interest of CCC even though the security interests, liens, or encumbrances are satisfied from the loan proceeds. No additional security interests, liens, or encumbrances shall be placed on the honey after the loan is approved.

§ 1434.9 Fees and interest.

(a) A producer shall pay a nonrefundable loan service fee to CCC at a rate determined by CCC. The amount of such fees will be available in State and county offices and will be shown on the note and security agreement.

(b) Interest which accrues with respect to a loan shall be determined in

accordance with part 1405 of this chapter.

[64 FR 10924, Mar. 8, 1999, as amended at 65 FR 7956, Feb. 16, 2000]

§ 1434.10 Determination of quantity.

The amount of a loan shall be based on 100 per cent of the net weight in pounds of such quantity certified by the producer for honey on Form CCC-633 (Honey) which is pledged as security for the loan and covered by the note and security agreement. Estimates of the quantity of honey shall be made on the basis of 12 pounds for each gallon of rated capacity of the container.

§ 1434.11 Transfer of producer's interest prohibited.

Absent written approval from CCC, the producer shall not transfer either the remaining interest in, or right to redeem, the honey pledged as collateral for a loan on honey nor shall anyone acquire such interest or right. Subject to the provisions of §1434.14, a producer who wishes to liquidate all or part of a loan by contracting for the sale of the honey must obtain written approval from the county office on a form prescribed by CCC to remove a specified quantity of the honey from storage. Any such approval shall be subject to the terms and conditions set forth in the applicable form, copies of which may be obtained by producers at the county office.

§ 1434.12 Loss or damage.

The producer is responsible for any loss in quantity or quality of the honey pledged as collateral for a loan. CCC shall not assume any loss in quantity or quality of the loan collateral.

§ 1434.13 Personal liability of the producer.

(a) When applying for an individual or joint loan, each producer agrees:

(1) When signing Form CCC-633 (Honey), Honey Loan Certification and Worksheet and Form CCC-677 Farm Storage Note and Security Agreement, that the producer will:

(i) Provide correct, accurate, and truthful certifications and representations of the loan quantity and all other matters of fact and interest; and